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Service BC
Ministry of Labour and Citizens' Services

Infoline

Contact: bcstats.infoline@gov.bc.ca *Issue: 07-26* *June29th, 2007*

- **BC's population grew 0.34% in the first quarter of 2007 to 4,352,798**
- **There were 1.9% fewer British Columbians collecting Employment Insurance in April**
- **Crime rates in BC are highest in small urban centres, but violent crime is highest in rural areas**

Population

- **British Columbia's population climbed 0.34% from the fourth quarter of 2006 to the first quarter of 2007, reaching 4,352,798 on April 1st.** Net international migration was the largest source of new residents, with 10,269 more people entering the province from other countries than there were people leaving to other international destinations. There was also a net inflow of people from other provinces, marking the fifth consecutive quarter of net interprovincial inflows. The province lost over 11,000 residents to other provinces, while simultaneously acquiring nearly 14,000, resulting in a substantial net gain (+2,502). BC drew migrants from all regions except Atlantic Canada, with Alberta (1,358), Ontario (839) and Manitoba (159) being the biggest net donors.

  As a result of the strong net interprovincial inmigration, Alberta had the strongest provincial population growth in the first quarter (+0.57%), with BC ranking second. Manitoba (+0.25%) was the only other province to record a higher rate of growth than the national average of 0.23%, although Nunavut (+0.87%) did see strong growth as well. Newfoundland & Labrador (-0.39%) and Nova Scotia (-0.09%) experienced population declines over the period.

  Data Source: Statistics Canada

The Economy

- **The number of British Columbians receiving regular employment insurance (EI) benefits dropped 1.9% (*seasonally adjusted*) in April, to 36,850.** The decline was the third largest among the provinces behind only Manitoba (-3.6%) and Saskatchewan (-3.2%). With the exception of PEI (+0.9%) and Nova Scotia (+1.9%) all regions of the country saw a drop in EI beneficiaries in April; nationally, there was a 0.9% decrease. *Data Source: Statistics Canada*

- **Restaurant, caterer and tavern receipts in the province climbed 1.0% (*seasonally adjusted*) in April.** A 1.5% jump in receipts of food service establishments was responsible for the increase as drinking places saw their receipts drop 7.4%. Across Canada, receipts fell 1.3% as both drinking places (-1.6%), and food service establishments (-1.2%) saw declines.

  Data Source: Statistics Canada & BC Stats

- **Production at BC sawmills was 7.5% lower in April than in the same month of 2006.** Mills in coastal regions of the province posted a particularly large decline (-17.8%), but production from Interior mills (-6.0%) was also down. Canadian production was off 8.0%, as volume decreased in most of the big lumber-producing provinces, including Quebec (-17.0%) and Ontario (-3.2%). *Data Source: Statistics Canada*

Radio Listening

- **The average BC resident spent 16.9 hours a week listening to the radio last fall, almost two hours less than the Canadian average (18.6 hours).** Radio was most popular in English-speaking Quebec (20.8 hours), Nova Scotia (20.4 hours) and PEI (20.2 hours). BC was at the bottom of the scale, followed by Manitoba (18.4 hours), New Brunswick (18.5 hours) and French-Quebec (18.6 hours).

  Station preferences vary considerably among the provinces. In BC, the most popular radio format is gold/oldies/rock (18%) and the CBC (18%), but these are followed closely by adult contemporary (15%). Other choices include country (8%) and talk radio (5%). On the Prairies and in most of Atlantic Canada, country is king, accounting for anywhere from 19% of listening time in Newfoundland to 37% in Saskatchewan. Residents of Ontario (26%), Quebec (28%), and New Brunswick (36%) are most

Report Inputs and Outputs of BC's High Tech Sector

Did you know...
On July 1st, most British Columbians plan on spending Canada Day with friends (15%) or family (17%). *Source: Ipsos Canada*

likely to tune in to adult contemporary stations.
Data Source: Statistics Canada

Crime

- **Crime rates in BC are highest in small urban areas (15,339.5 crimes per 100,000 population) and lowest in rural areas (8,645.3), while large urban areas rank in the middle (11,164.4).** This ranking is similar across most of the provinces, except in Alberta, where large urban areas have the lowest rate of crime, and Quebec, where large urban areas have the highest rate.

  There are some interesting differences by crime type. Violent crimes in BC are more common in rural areas (1,165.0) than in large urban centres (1,041.0) when population is taken into account, although people living in small urban centres are far more likely to be a victim of violent crime (1,648.2). Motor vehicle theft rates are by far the highest in large urban areas (930.1) than either small urban (746.8) or rural areas (388.9). The same is true for robbery (large: 135.5; small: 86.0; rural: 17.2).
  Data Source: SC catalogue no. 85-002-XIE, Vol. 27, no. 3

The Nation

- **After strong growth in both February and March, Canada's GDP growth was flat in April (0.0%, *seasonally adjusted*), with both the goods and services sectors remaining unchanged.** Slumps in wholesale trade (-1.9%), automobile manufacturing (-5.2%) and accommodation & food services (-1.0%) were offset by gains in utilities (+2.5%), finance, insurance, real estate & management of companies & enterprises (+0.4%) and real estate rental & leasing (+0.4%). Oil and gas exploration plunged, recording a double-digit decline (-15.8%) for the second straight month, but oil and gas extraction posted strong (+1.0%) growth. *Data Source: Statistics Canada*

- **Canadian manufacturers' prices were significantly higher (+3.0%) this May than in the same month last year.** A 10.9% year-over-year rise in the price of primary metal products was the largest contributor to the overall increase as record high prices were observed for nickel (+132.1%) products. Prices for chemicals (+6.2%) and petroleum & coal (+2.7%) also continued to exert inflationary pressure. Canadian manufacturers of lumber & other wood (-4.5%) saw lower prices in May, but pulp & paper (-0.8%) products inched up.

  Prices for BC softwood lumber (-7.2%) remained below 2006 levels. Coastal producers received more (+3.8%) for their product than they had a year earlier, but those in the Interior received substantially less (-11.4%).

  Raw material prices were up 1.9% in May, down sharply from the 8.0% jump recorded in April. Lower prices for mineral fuels (-11.8%) almost managed to outweigh increases in prices for non-ferrous metals (+29.7%), vegetable products (+15.4%) and wood (+13.1%). Excluding mineral fuels, the Raw Materials Price Index increased by 17.0%.

  The strong Canadian dollar has had an effect on the prices of goods produced largely for export. The appreciation of the Canadian dollar has meant that Canadian exporters of these goods are receiving less in Canadian funds.
  Data Source: Statistics Canada

- **In 2006, Canada's trade deficit in culture goods (books, CDs, films, paintings, etc.) widened by 5.9%, expanding to its largest level since 1999.** Shrinking exports (-12.7% to $2.1 billion) of cultural goods caused the expanded deficit despite a simultaneous decline in imports (-3.2%) of culture goods from around the world.

  The United States continued to be the dominant marketplace, accounting for 90% of Canada's culture goods exports, and 78% of imports. Other top trading partners (imports plus exports) in culture goods in 2006 included China, France and the United Kingdom.
  Data Source: Statistics Canada

- **Tourism spending in Canada increased 1.2% in the first quarter.** The increase was driven by domestic tourism demand (+1.8%) as tourism spending by non-residents fell 0.4%.
  Data Source: Statistics Canada

Infoline *Issue: 07-26*
June 29th, 2007

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Originally published in
Business Indicators Issue 07-05

Inputs and Outputs of BC's High Technology Sector

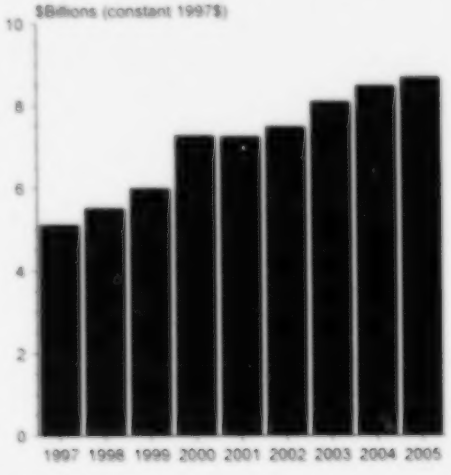
Although relatively small compared to nearby states and the larger Canadian provinces, British Columbia's high technology sector continues to grow in importance, contributing a significant portion of the province's gross domestic product (GDP) and offering high-paid employment to a large number of British Columbians. In 2005, the high technology sector in BC generated about 5.1% of the province's GDP and employed over 70,000 people, or 4.1% of the total provincial workforce.

While there is obvious value in monitoring these "outputs" of the high technology sector, information about the processes that give rise to those outputs are also of key importance, both for potential investors interested in the infrastructure available in the province and for policy-makers that require this data to make informed policy decisions. This report will take a brief look at both the outputs of the high tech sector in BC, as well as the inputs that go into producing these outputs. This article is a summary of two larger reports produced by BC Stats *Input Indicators of the British Columbia High Technology Sector and Profile of the British Columbia High Technology Sector.*[1]

BC's High Technology Outputs

British Columbia's high technology GDP edged up 2.4% in 2005, to almost $8.7 billion (1997 constant dollars), although growth was confined to the service sector as GDP in high technology manufacturing operations in the province slipped 2.7% compared to 2004. The decline in manufacturing GDP was offset by a 3.5% jump in GDP for high tech services. BC's high tech GDP has been climbing steadily over the last decade, with growth trailing that of BC's industrial aggregate only twice in that span—in 2001, when high tech was suffering the effects of the dot com crash, and in 2005, the latest year for which high tech data is available.

BC's high technology GDP has been increasing steadily over the last decade

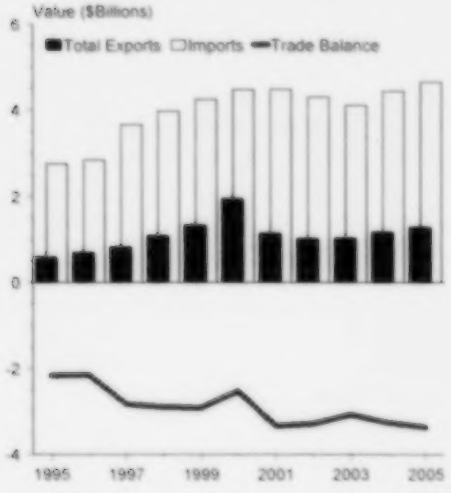


Source: BC Stats

International trade is an important aspect of the high technology sector, contributing significantly to its overall performance. In 2005, there was a modest 2.6% increase in the value of high technology commodity exports from British Columbia, climbing to almost $704 million. However, high tech comprised only 2.1% of total BC commodity exports. Imports of high tech goods into the province far exceed the value of exports. In 2005, BC imported $4.6 billion worth of high tech goods from other countries, driving the deficit in trade in high tech goods to almost $3.4 billion.

1 Available online at:
www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp

BC imports far more high tech goods than it exports

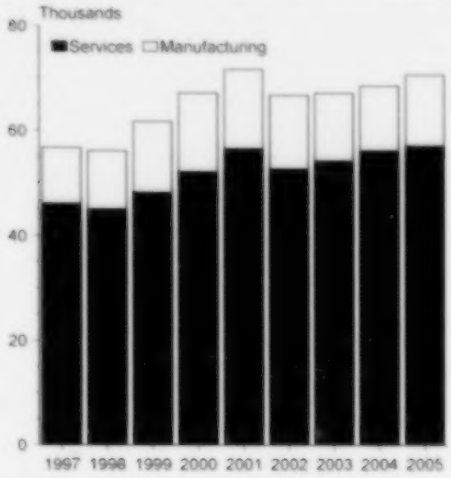


Source: BC Stats

Perhaps it is not surprising, considering that services comprise such a large portion of the high tech sector, that the value of exports of high tech services from the province far exceeds that of goods: BC exports of high tech services jumped 12.1% in 2005 to almost $2.3 billion, or 23% of the province's total service exports. However, it is also true that the service sector is larger than the goods sector in the overall BC economy, yet exports of goods are valued at about four times that of services. The difference in the high tech sector is that the manufacturing sector is far more oriented to the domestic market, whereas high tech services often target the international market. For example, BC's motion picture industry is largely concentrated in production of foreign (usually American) films and television series and a significant portion of computer systems design work is done for foreign customers. In contrast, a substantial portion of high tech goods manufactured in the province are destined for Canadian customers, often the Canadian high tech industry itself.

As with GDP and exports, employment in the high tech sector in BC also grew, rising 2.9% in 2005 to 70,490 as both the service (+1.5%) and manufacturing (+9.4%) sectors took on more workers. The increase in manufacturing jobs occurred despite slumping revenues (-8.4%) and a downturn in manufacturing GDP. This could be the result of a lag in hiring as manufacturing jobs continued to disappear in the last couple of years despite the turnaround that occurred in revenue and GDP in 2003 and 2004. It is possible that in anticipation of continued success, manufacturers ramped up their staffing, unaware that revenues would drop.

Employment in BC's high tech sector has been recovering steadily from the crash in 2001



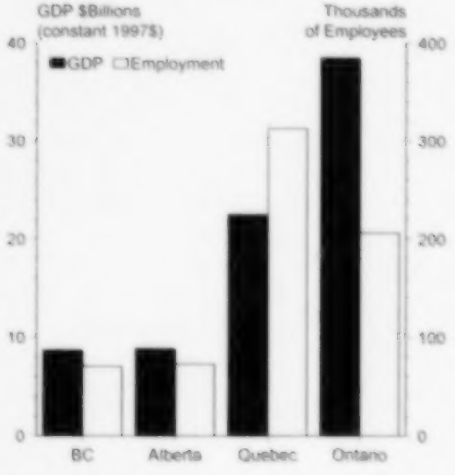
Source: BC Stats

However, the manufacturing sector employs about only one of every five workers in BC's high technology sector, with the large majority working in service industries. Overall employment in BC's high tech sector has increased in each year since the dot com crash in 2001. More people worked in high tech industries in 2005 in British Columbia than in the forest sector, which includes logging, silviculture and wood and paper manufacturing industries (approximately 59,900 employees).

As employment increased in BC's high tech sector, so too did wages and salaries, which climbed 4.8% from the pay doled out in 2004. Average weekly earnings for employees in high tech industries also increased in 2005 (+1.8%), although the hike was well below the 2.8% increase in compensation for workers in the province as a whole. Nevertheless, employees working in high tech industries earn far more, on average, compared to the industrial aggregate for British Columbia. In 2005, high tech workers in BC earned an average of $1,010 per week, compared to only $720 for employees in all industries.

Viewed within the confines of British Columbia, it appears that the high technology sector is a growing and vibrant part of the economy; however, when put into context with other provinces and nearby states, it appears that BC's tech sector needs to experience significant growth in order to reach world class status.

BC trailed the other high tech provinces in most measures of high technology in 2005



Source: BC Stats

Within Canada, BC trails each of the other three "high tech" provinces (Ontario, Quebec and Alberta) in each of the measures of GDP, revenue, employment and value of commodity exports.

Compared to the United States, BC trails at least 30 states in terms of the share of GDP and employment comprised of high technology. BC also trails approximately 30 states in absolute numbers for both GDP and employment.

Although the sector as a whole does not rank prominently compared to other high tech jurisdictions, BC is home to some high tech clusters, such as fuel cell development and motion picture production, that are world class and, in some cases, world leaders. Nevertheless, there are areas in which BC can improve its standing and further develop its high technology sector. In order to achieve growth in the sector, there are some factors that need to be present, which is where the "input" side of the equation enters the picture.

BC's High Technology Inputs

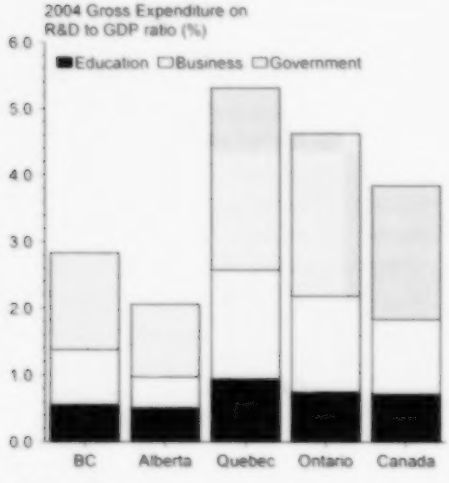
High technology operations often require a specific set of skills and knowledge and, as such, a broad base of highly educated population from which to draw is an important factor to enable expansion of a region's high tech sector. While BC scores well in terms of the proportion of high school graduates in its population, the province trails the other high tech provinces in terms of post-secondary credentials, including in key degree areas such as engineering and computer science.

Despite having fewer post-secondary degrees per capita compared to other provinces, BC tends to be a leader in terms of technology adoption. BC leads the country in terms of percentage of households with computers and proportion of households using the Internet.

British Columbia is also ahead of the curve when it comes to technology licensing and patents at its universities. The University of British Columbia is far and away the top university in the country in terms of gross income earned from technology licenses and ranked second in terms of US patents granted over the last five years (2000–2004). However, BC lags other provinces in terms of research and development in its higher education sector. In 2004, BC's ratio of higher education performance of research and development to GDP was 0.55%, well below the national average of 0.71%.

The mixed performance of BC's higher education sector is echoed in the province's business community. BC's business sector trails other provinces in terms of patents granted and research and development, but has had a little more success in terms of venture capital investment. British Columbia has had far more success in attracting venture capital compared to Alberta, but still trails Ontario and Quebec with less venture capital investment per capita than those two provinces.

BC spends less on research and development



Source: BC Stats

The lack of research and development activity is a common theme for the government sector as well. BC trails the national average in terms of gross expenditure on research and development as a proportion of GDP in all three sectors: education, business and government. However, BC does outpace Alberta in each of these measures and, excluding the education sector, generally outpaces all the other provinces with the exception of Ontario and Quebec. Nevertheless, it appears that spending on research and development is one area in which BC can invest in order to boost its high tech sector.

There are other areas in which BC has an advantage compared to other provinces, such as lower tax rates and a higher quality of life and these are important for attracting high quality labour. The fact that BC is the only province other than Alberta to record a net inflow of interprovincial migrants in each of the last three years indicates that the province has an advantage over much of the country in attracting people.

The areas to which BC needs to pay more attention include encouraging the pursuit of higher education, particularly in technology related fields, and putting more emphasis on research and development. BC has many of the elements necessary for a successful high technology sector already in place and if government, the education sector and business work together, the province could eventually become a world leader in the technology field.

For a more detailed look at British Columbia's high technology sector, refer to the 2006 editions of *Input Indicators of the British Columbia High Technology Sector* and *Profile of the British Columbia High Technology Sector*. Updates to these publications should be available sometime in the winter and fall of 2007 respectively.

Infoline

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also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Apr 1/07	% change on one year ago
BC	4,352.8	1.3
Canada	32,852.8	1.0
GDP and INCOME (Released Apr 25)		
(BC - at market prices)	2006	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	179,701	6.4
GDP *($ 1997 millions)*	150,741	3.6
GDP *($ 1997 per Capita)*	34,971	2.3
Personal Disposable Income *($ 1997 per Capita)*	21,984	4.8
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	3,530	2.2
Merchandise Exports - Apr	3,010	5.5
Retail Sales - Apr	4,707	1.5
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - May 2007)		
BC	1.7	1.8
Vancouver	2.0	2.2
Victoria	0.9	1.5
Canada	2.2	1.8
LABOUR FORCE (thousands)		
(seasonally adjusted)	May '07	% change on prev. month
Labour Force - BC	2,362	0.4
Employed - BC	2,263	0.6
Unemployed - BC	99	-5.3
		Apr '07
Unemployment Rate - BC *(percent)*	4.2	4.4
Unemployment Rate - Canada *(percent)*	6.1	6.1
INTEREST RATES (percent)	Jun 27/07	Jun 28/06
Prime Business Rate	6.00	6.00
Conventional Mortgages - 1 year	7.05	6.60
- 5 year	7.24	6.95
US/CANADA EXCHANGE RATE	Jun 27/07	Jun 28/06
(avg. noon spot rate) Cdn $	1.0716	1.1245
US $ *(reciprocal of the closing rate)*	0.9344	0.8910
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	May '07	% change on one year ago
BC	741.59	2.7
Canada	743.89	2.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Regional Employment Projections

BC Stats, with the financial assistance of the Ministry of Advanced Education, developed the Regional Employment Projection Model (REPM), designed to project industrial and occupational employment in regions of the Province of British Columbia. The model projects employment at the Regional District level and then aggregates back up to the College Region for reporting purposes.

www.bcstats.gov.bc.ca/data/iss/repm.asp

Socio-Economic Profiles & Indices

The 2006 edition of these widely-monitored reports provide the most complete and up-to-date basis for measuring and comparing the social and economic dimensions of regions in the province. Released April 4.

www.bcstats.gov.bc.ca/data/sep/index.asp

High Technology Sector—2006

The high technology sector is a growing part of British Columbia's diverse economy, offering the prospect of strong economic growth in the years to come, as well as a local source of technology inputs to the province's resource-based industries.

Our latest *Profile* and *Input Indicators* reports are now available.

www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp

Released this week by BC STATS

- Business Indicators, June 2007
- Current Statistics, June 2007
- Migration Highlights, First Quarter 2007
- Small Business Quarterly, First Quarter 2007

Next week

- Immigration Highlights, First Quarter 2007
- Tourism Sector Monitor, June 2007
- Labour Force Statistics, June 2007
- Earnings & Employment Trends, June 2007

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